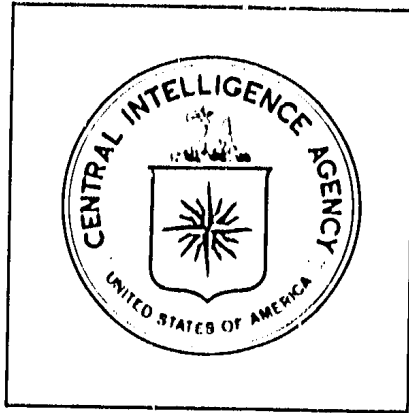


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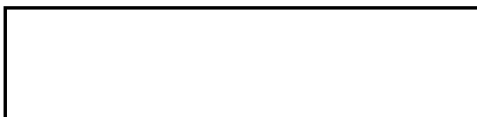
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# STAFF NOTES:

## Soviet Union Eastern Europe

State Department review completed

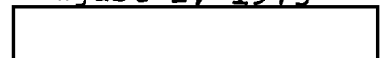


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SOVIET UNION - EASTERN EUROPE

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Tito-Ford Talks: Atmospherics

The Yugoslavs will view President Ford's visit to Belgrade on Sunday and Monday as a welcome show of Washington's interest in their country's stability and independence that comes at a particularly opportune time.

Although the Yugoslavs are approaching the post-Tito era with a good deal of confidence, they realize that the threat posed by the international economic situation and the prospect of a renewed crisis in the Middle East could seriously complicate the problems that are bound to accompany the succession period in their country. President Ford's appearance in their capital will reassure the Yugoslavs that, despite occasional bilateral policy differences, Washington will continue its supportive attitude toward Yugoslavia in the succession era.

The presidential talks will provide Tito with the opportunity to introduce key officials who will run the country after he passes from the scene--Edvard Kardelj, a long-time confidante and the party's paramount theoretician, Vladimir Bakaric, vice-president until next spring, and Stane Dolanc, the most likely successor to Tito's party mantle.

Tito's address to the Helsinki summit on Thursday summed up the major issues that he is likely to explore in talks with President Ford. The 83-year-old leader welcomed the European security conference as a good beginning, but he warned that events in the Mediterranean and elsewhere might endanger peace in Europe. As a founding father of the nonaligned movement, he also predictably showed concern for the plight of smaller nations that are still imperiled by the arms race and by economic forces over which they have no control.

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Tito and his top advisers can be expected to push aggressively for nonaligned solutions to these problems. At the same time, however, they will disassociate themselves from those Third World radicals who seek confrontations with the developed countries.

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On Europe, Tito is likely to harp on the dangers of preserving military blocs and exclusive economic integration systems. The Yugoslavs, having made the anti-bloc point, however, may well go on to show unease over weaknesses in the southern tier of NATO that destabilize the power balance in Europe and create new openings for Soviet leverage.

Belgrade's wariness of Soviet intentions is not new, but for the last year or so--since the first group of Soviet-supported dissidents were uncovered--Yugoslav suspicions have steadily increased. On Thursday, the same day that Brezhnev and Tito spoke in Helsinki, the Yugoslavs announced that yet another Stalinist group had been recently arrested in Croatia. The disclosure may also have been intended to demonstrate that the Tito regime has not allowed the euphoria of the European security summit to relax Yugoslav vigilance.

The Yugoslavs--like the Romanians--also want US military equipment. In the past few days, senior Yugoslav military officers have sought out the US ambassador to request closer military relations, including a new weapons deal. One office said the regime's occasional assertion that the West posed a threat to Yugoslavia was no more than a political maneuver. In addition, the Yugoslav officers indicated they were uneasy about their country's heavy dependence on Moscow for modern arms.

The Yugoslavs will probably probe US views on international economic problems that promise to become

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items on the UN General Assembly agenda this fall. Belgrade is looking for compromise ground between the developed and developing nations as it makes plans for the meeting of foreign ministers from non-aligned countries in Lima this month.

Tito and company express satisfaction with improving economic relations with the US, but they will ask for further progress. More importantly, they will also try to ensure that Washington's enormous influence in international financial circles will be available in Belgrade's corner, should it be needed.

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Brezhnev's Helsinki Speech - Domestic Plus,  
But Also a Minus

Brezhnev's speech at Helsinki, which was carried nationwide on TV in the Soviet Union, once again gave him unique exposure as the leading Soviet "statesman." The Soviet press the following day trumpeted his personal role, and his name appeared in six headlines on *Pravda's* front page.

The US embassy's account of Brezhnev's performance as seen on Moscow TV suggests, however, that there may have been an unexpected negative side effect for his image at home. The camera panned the audience, showing empty chairs before him in the hall, with people walking up and down the aisles and chatting with each other. For the vast majority of the Soviet people, this lack of attention to the General Secretary's speech will be a shock. Only a minuscule minority have had any exposure to the informality of audiences in a Western meeting of this sort. The Soviet model, the only standard the Soviet public has to go by, is that of a Supreme Soviet session or a CPSU Congress--every one in his seat, every seat filled, no cross-talk among individuals, and "strong prolonged applause, all rise" at the conclusion.

Unless non-communist leaders at Helsinki are shown facing a similarly preoccupied audience, the Soviet public is apt to conclude that the conference demonstrated a lack of respect for the General Secretary.

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Soviets on Vietnamese Reunification Prospects

The USSR's deputy chief of mission in North Vietnam maintains that Hanoi is now leaning in the direction of early de jure reunification of the two Vietnams and that Moscow is supporting such a move.

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[redacted] formal reunification probably would take place before very long, although not in 1975. His line is considerably at variance with that of other Soviet officials in Hanoi and Moscow who have been predicting a longer legal separation of North and South Vietnam, but it probably more accurately represents Moscow's position.

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Perpetuating the fiction of two Vietnams could strengthen the hands of those in the South who oppose reunification, increase the economic differences between the two states, and give the Chinese opportunities for meddling. The Soviet official made clear that it was for the latter reason that Moscow favored early formal reunification. The Soviet conceded, however, that postponing de jure reunification would ease North Vietnam's public relations problem with the West, give the Vietnamese more time to erase the political and economic differences that separate North and South, and might make it possible for the Vietnamese to secure more aid from the West.

The Soviet attitude on reunification has been evolving since last spring. In the immediate aftermath of Communist victories in Indochina, Moscow's chief concern seems to have been to limit the damage to Soviet-US relations. Very soon after the fall of Saigon, the Soviets reportedly urged both Vietnams to apply for admission to the UN and intimated to the US that they would assist the US in establishing

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a new relationship with North Vietnam. In the last month or so, however, Moscow's concern over US reaction has diminished in the face of more pressing worries about China. Peking's success in wooing the Cambodian Communists, the Thais, and the Filipinos does not augur well for Soviet prospects in Southeast Asia, and the Soviets do not want to give China an opportunity to jeopardize their present favorable position in North Vietnam.

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Albania: Hoxha Tightens His Grip

The crackdown on real or imagined threats to the Hoxha regime is evidently becoming more pervasive.

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[REDACTED]  
[REDACTED] the number of militia and armed guards in downtown Tirana increased noticeably between November and May. Government buildings were under particularly heavy guard, and pedestrians were kept at a distance.

The tighter security precautions are accompanying Hoxha's stinging, wholesale attacks on the nation's bureaucracy and intellectuals. Both groups have shown more enthusiasm for protecting the few privileges they have than for pursuing Hoxha's spartan brand of Stalinist Communism.

The purge that began more than a year ago with the ouster of Defense Minister Balluku also has reportedly led to the wholesale uprooting of several thousand families. Some reports claim that as much as five percent of the country's population has been moved from urban centers to rural cooperatives.

Tighter regulations governing admission to the party have reportedly also been implemented. Any candidate must have been an active participant in the Albanian youth movement, and a senior official of the nominee's local youth affiliate must vouch for his qualifications. Young intellectuals now undergo especially tight screening procedures before being admitted to party ranks.

Meantime, the sins and fate of Balluku remain a mystery.

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[REDACTED]  
[REDACTED] there is no evidence that Balluku had contacts with individuals from the Soviet Union.

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Romania: Consumer Price Increases

Bucharest announced price increases early in July of from 15 to 103 percent, apparently in order to reduce demand for commodities involved in foreign trade. Most of the goods affected are imported, are manufactured from imported raw materials--such as footwear and medicines--or are important exports, such as refined petroleum products.

The higher cost of imported raw materials was the reason for most of the price increases. Early this year, for example, the USSR raised prices of certain raw materials and semi-finished goods that are exported to Romania and other CEMA members so that they would be more closely aligned with prices on the world market. Romania also has had to pay more for imported crude oil, primarily from the Middle East, which it refines and exports.

Bucharest's difficulty in marketing textiles, petroleum products, machinery, and chemicals because of the recession in the West has hurt its hard currency earnings. Last year, Romania had a record trade deficit with the West of more than \$600 million, raising its total indebtedness to the West to some \$2.5 billion.

Bucharest has granted a token across-the-board monthly wage increase of about 3 percent, but consumers are still likely to grumble. The price hikes coincided with severe flooding in early July, and even prices of construction materials needed for repair and reconstruction have been increased.

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